

**The Gardens at Old Natchez Property
Owners Association**

**Bylaws
of
The Gardens at Old Natchez Property
Owners Association**

**BYLAWS
OF
THE GARDENS AT OLD NATCHEZ PROPERTY
OWNERS ASSOCIATION**

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Bylaws of The Gardens at Old Natchez Property Owners Association

Article I - Name

The affairs of the Association shall be conducted using the name The Gardens at Old Natchez Property Owners Association or such other name or names as the Board of Directors may from time to time authorize.

Unless otherwise herein to the contrary expressly provided, all capitalized terms used but not defined herein shall be deemed to have those meanings assigned thereto in the Declaration of Covenants and Restrictions for The Gardens at Old Natchez of record in Book 1769, Page 136, Register's Office for Williamson County, Tennessee (the "Declaration").

Article II - Offices

The principal office of the Association shall be located in Williamson County, Tennessee. The Association may also maintain offices at such other places as the Board of Directors may from time to time designate or as the affairs of the Association may from time to time require.

Article III - Association Membership and Purpose

3.01 Membership. Every Owner of a Lot shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and the ownership of a Lot shall be the sole qualification for such membership. In the event that legal and equitable fee title to a Lot is transferred or otherwise conveyed, that membership in the Association which is appurtenant thereto shall automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include Mortgages or any other persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate or otherwise affect an Owner's membership in the Association. Notwithstanding any of the foregoing to the contrary, no Owner, whether one or more persons, shall have more than one membership per Lot. In the event of multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote and to hold an office in the Association, may be exercised by a member or member's spouse, but in no event shall more than one vote be cast or more than one office be held by each Lot. When more than one person holds an interest in any Lot, the vote for such Lot shall be exercised as those Owners of such Lot themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote appurtenant to such Lot shall be suspended in the event more than one person seeks to exercise it. The voting weight appurtenant to each Lot is equal and each

Lot shall have one vote, except as provided in Section 3.3 of the Declaration. Such voting weight shall continue to be equal upon the addition of all or a portion of the Additional Property to the Development as defined in the Declaration, and each Lot therein shall have one vote, except as provided in Section 3.3 of the Declaration. Each Owner, by acceptance of a deed or other conveyance for a Lot consents and agrees to the dilution of his voting interest in the Association by virtue of the submission from time to time of the Additional Property of any portion thereof to the terms of the Declaration as provided therein.

3.02 Purpose of the Association. The Association is formed to own the Common Property of The Gardens at Old Natchez, provide for the maintenance, control and preservation of The Gardens at Old Natchez and promote the health, safety and welfare of the Owners of the Lots in The Gardens at Old Natchez, and such other lawful purposes as may be set forth in the Association's charter from time to time.

Article IV - Meeting of Members

4.01 Notice of meeting and quorum. Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized under Sections 7.01 and 7.02 hereof, shall be sent to all members not less than fifteen (15) days nor more than forty-five (45) days in advance of such meeting. With respect to annual meetings, the presence of members or proxies entitled to cast over fifty percent (50%) of all the votes of the Association shall constitute a quorum. In the event of the absence of a quorum at such meeting, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be the presence in person or by proxy of members having one-third (1/3) of the total votes of the Association. No such subsequent meeting shall be held more than sixty (60) day following the preceding meeting. The first annual meeting of the Association shall be held within sixty (60) days after the closing of the sales of one-half (½) of the Lots located within the Development ("Commencement of Association Meetings").

4.02 Special Meetings. Following Commencement of Association Meetings, special meetings of the Members may be called by the President, a majority vote of the Board of Directors, or by written request of fifteen (15%) percent or more of the Members entitled to vote. Notices of a special meeting must contain a statement of the purpose for which such meeting is called, and no other business may be transacted at that meeting.

4.03 Informal Action. Any action required by law to be taken at a meeting of the Members, or any action that may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to the subject matter thereof.

4.04 Proxies. At any meeting of Members, a Member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after six (6) months from the date of its execution, unless otherwise provided in the proxy.

4.05 Voting by Mail. As to any matter requiring approval and vote of the Members, including but not limited to the election of Directors or officers, such election or vote may be conducted by mail, using absentee ballots, or in such other manner as the Board of Directors shall determine.

Article V - Board of Directors

5.01 Composition. The affairs of the Association shall be governed by the Board of Directors of not less than three nor more than five directors. The Association, subject to the rights of Declarant and the rights and duties of the Owners and the Golf Club Owner set forth in the Declaration, shall be responsible for the exclusive management and control of the Common Property and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in a good, clean attractive and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Except to the extent otherwise required by the provisions of the laws of Tennessee relating to non-profit corporations, the Declaration, the Bylaws, or the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the Owners. Declarant shall have the right to appoint one member of the Board of Directors so long as Declarant owns any property in The Gardens at Old Natchez. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove directors and officers of the Association.

5.02 Election of Board of Directors. Subject to the rights of the Declarant, Directors shall be elected annually by the Members at the annual meeting of Members for one (1) year terms.

5.03 Removal of Directors. Any director may be removed, without cause by a vote of two-thirds of the directors then in office.

5.04 Resignation. Any director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, or the Association. A resignation shall be effective when notice thereof is so delivered, unless the notice specifies a later effective date.

5.05 Powers and duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or the Charter of the Association or by these Bylaws may not be delegated to the Board of Directors by the Owners. The powers and duties to be exercised by the Board of Directors shall include but shall not be limited to the following:

(a) Operation, care, upkeep and maintenance of the Common Property (subject to the rights and obligations of the Golf Club Owner);

- (b) Determination of the amount of funds required for operation, maintenance and other affairs of the Development;
- (c) Collection of the assessments and common charges from the Owners;
- (d) Employment and dismissal of personnel necessary for the efficient maintenance and operation of the Association;
- (e) Adoption and amendment of rules and regulations covering the details of the operation of the Association;
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- (g) Obtaining insurance for the Association property, pursuant to the provisions of the Declaration and these Bylaws;
- (h) Making repairs, additions and improvements to, or alterations of, the Association property, in accordance with the provisions of the Declaration; and
- (i) Appointment and dismissal of members of the Architectural Review Committee which shall be composed of at least three members, as provided in Section 9.1.1 of the Declaration; provided however that the initial Architectural Review Committee shall consist of at least five members designated by Declarant under the Declaration who shall each serve at the pleasure of Declarant; and provided further that the authority to appoint and dismiss members of the Architectural Review Committee shall be subject to the rights of the Declarant as provided in the Declaration.

5.06 Manager. The Board of Directors may employ for the Association a manager at a compensation established by the Board of Directors. The Board of Directors may delegate to the manager or managing agent all of the powers granted to the Board of Directors by the Declaration and by these Bylaws other than the powers set forth in subdivisions (b), (e), (g), and (i) of Section 5.05 of this Article V.

5.07 Regular meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, by mail or facsimile, at least three (3) business days prior to the day named for such meeting.

5.08 Special meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each director, given by mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the Secretary in like manner.

5.09 Notice. Notice of any special meeting of the Board of Directors shall be given at least three (3) days prior thereto by written notice delivered personally or sent by mail or telegram to each Directors at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

If the Board of Directors changes the place, date, or time of a regular meeting, notice of such action shall be given to each Director who was not present at the meeting at which such action was taken. Any Board action to remove a Director; amend the bylaws; amend the charter (other than a charter amendment to: (a) delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the Secretary of State (b) change the address of the principal office of the Association; or (c) change the corporate name by substituting the word "corporation," "incorporated," "company," "limited," or the abbreviation "corp.," "inc.," "or "ltd.," or a similar word or abbreviation in the name, or by adding a geographical attribution to the name); approve a transaction in which a Director or officer of the Association has a conflict of interest; authorize the indemnification of a Director, employee or agent of the Association; approve a plan of merger; approve a sale, lease, exchange or other disposition of all or substantially all of the Association's assets other than in the regular course of activities; or approve a dissolution of the Association requires that each Director be given at least seven (7) days written notice that the matter will be voted upon at a Directors' meeting. The notice of any meeting at which a bylaw amendment; charter amendment; plan of merger; plan for the sale, lease, exchange or other disposition of all or substantially all of the Association's assets; or plan of dissolution is to be voted upon must state that the purpose, or one of the purposes, of the meeting is to consider such proposed amendment or plan and contain or be accompanied by a copy or summary of such amendment or plan.

Where reasonable under the circumstances, notice may be either written or oral, and may be communicated in person, by telephone, telegraph, teletype, or other form of wire or wireless communication, or by mail or private carrier. Written notice in a comprehensible form is effective at the earliest of the following:

- (1) when received;
- (2) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first-class postage affixed thereon;

- (3) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and if the receipt is signed by or on behalf of the addressee; or
- (4) twenty (20) days after its deposit in the United States mail, if mailed correctly addressed, and with other than first class, registered or certified postage affixed.

Notice of an adjourned meeting need not be given if the time and place to which such meeting is adjourned are fixed at the meeting at which the adjournment is taken and if the period of adjournment does not exceed one (1) month in any one (1) adjournment. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting.

5.10 Waiver of notice. Any director may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice.

5.11 Quorum of Board of Directors. If two-thirds (2/3) or more of the directors are represented at a meeting of the Board of Directors, a quorum shall be considered to be present. A majority vote of the directors represented at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting to a specific future time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

5.12 Fidelity bonds. The Board of Directors may obtain adequate fidelity bonds for such officers and employees of the Association handling or responsible for Association funds. The premiums of such bonds shall constitute a common expense.

5.13 Telephone Board and Committee Meetings. Members of the Board of Directors, or of any committee of the Board of Directors, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting may simultaneously hear each other during the meeting, and participation in such a meeting shall constitute presence in person at such a meeting.

5.14 Reliance Upon Information, Opinions, Reports, or Statements. To the full extent allowed by law, a member of the Board of Directors, or a member of any committee of the Board of Directors, shall, in the performance of his duties, be protected in relying in good faith upon information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by, (i) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented; (ii) legal counsel, public accountants, or other persons as to matters the

Director reasonably believes are within the person's professional or expert competence; or (iii) a committee of the Board of Directors of which he is not a member if the Director reasonably believes the committee merits confidence.

Article VI - Officers

6.01 Designation. The principal officers of the Association shall be the President, the Vice-President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may elect such other officers as in its judgment may be necessary.

6.02 Election of officers. Officers shall be elected annually by the Board of Directors. In the event of the death, resignation, or disability of an Officer, his successor may be appointed by the Declarant or elected at any regular meeting of the Board of Directors called for such purpose, as the case may be.

6.03 Removal of officers. Any Officer may be removed by a vote of the majority of the Board of Directors, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or any special meeting of the Board of Directors called for such purpose.

6.04 Resignation. Any officer may resign at any time by delivering notice to the Association. Such a resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

6.05 Reliance Upon Information, Opinions, Reports, or Statements. To the full extent allowed by law, an officer of the Association shall, in the performance of his duties, be protected in relying in good faith upon information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by, (i) one or more officers or employees of the Association whom the officer reasonably believes to be reliable and competent in the matters presented; or (ii) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

6.06 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Lot Owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to his office and shall perform all of the duties assigned by the Board of Directors.

6.07 Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be assigned to him by the Board of Directors or by the President.

6.08 Secretary. The Secretary shall keep the minutes of all meetings of the Owners and of the Board of Directors. He shall be in charge of such books and papers as the Board of Directors may direct, shall give notice in conformity with these Bylaws of any and all meetings, and shall also perform all other duties assigned to him by the Board of Directors.

6.09 Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account and for the preparation of all required financial statements, including an itemized record of all receipts and expenditures, as well as a separate account for each Lot which shall indicate the name and address of the Owner, the amount of each assessment for expenses against such Lot, the date when due, the amount paid thereon, and the balance remaining unpaid. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all other duties assigned to him by the Board of Directors.

6.10 Agreements, contract, deeds, checks, etcetera. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors.

6.11 Compensation of directors and officers. No director or officer shall receive any compensation from the Association for acting as such.

Article VII - Operation of the Property

7.01 Computation of annual assessments. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The Board shall cause the budget and the proposed total of the annual assessments to be levied against Lots for the following year to be delivered to each Owner at least fifteen (15) days prior to such meeting. The total annual assessments shall be divided among the Lots equally, so that each Lot shall be subject to equal annual assessments. Upon the addition of the Additional Property or any portion thereof to the Development, assessments shall continue to be equal and the Lots being added to the Development shall pay assessments which are equal to those imposed upon Lots previously in the Development, subject to the terms and provisions of Article VI of the Declaration. In such event, the Association's budget shall be accordingly revised by the Board, without the necessity of approval by the Owners, to include Common Expenses and assessments related to such additional Lots. The budget and the annual assessments shall become effective unless disapproved at the annual meeting by either (i) Declarant, for so long as Declarant has the authority to appoint and remove directors and officers of the Association, or (ii) a vote of a majority of the votes of the Owners who are voting in person or by proxy at such meeting (provided that it shall require a vote of at least fifty-one percent (51%) of the total membership to disapprove the budget).

Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessments in effect for the then current year shall be increased in proportion to the percentage increase, if any, for the then current year, in the Consumer Price Index (all Urban Consumers, United States City Average, All Items 1982-84=100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Section 7.02 hereof. The Common Expenses to be funded by the annual assessments may include, but shall not necessarily be limited to, the following:

- (i) management fees and expenses of administration, including legal and accounting fees and insurance premiums;
- (ii) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;
- (iii) the expenses of maintenance, operation, and repair of those portions of the Common Areas including roads and streets, as well as perimeter fencing, which are the responsibility of the Association under the provisions of the Declaration;
- (iv) the expenses of maintenance, operation, and repair of other amenities and facilities serving the Development, the maintenance, operation, and repair of which the Board from time to time determines to be in the best interest of the Association;
- (v) the expenses of the Architectural Review Committee which are not defrayed by plan review charges;
- (vi) *ad valorem* real and personal property taxes assessed and levied against the Common Areas, if any;
- (vii) the expenses of recreational, cultural, or other related programs for the benefit of the Owners and their families, tenants, guests and invitees;
- (viii) the dues and assessments for each member's Social Membership in the Golf Club, as provided in the Declaration;
- (ix) such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including without limitation taxes and governmental charges not separately assessed against Lots; and
- (x) the establishment and maintenance of a reasonable reserve fund (A) for inspections, maintenance, repair, and replacement of those portions of the Common Areas

which are the responsibility of the Association and which must be inspected, maintained, repaired, or replaced on a periodic basis, (B) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (C) to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments or liens, as well as from emergency expenditures and other matters all as may be authorized from time to time by the Board of Directors.

7.02 Special assessments. In addition to the annual assessments authorized above, the Association, acting through its Board of Directors, may levy in any assessment year special assessments for Common Expenses, applicable to that year only. Subject to the provisions of Sections 6.3 and 6.9 of the Declaration, any such assessment shall be approved by (i) Declarant, for so long as Declarant owns any Lot primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, and (ii) by sixty percent (60%) of the votes of the Owners who are voting in person or by proxy at a meeting duly called for this purpose in accordance with the provisions of Section 4.01 hereof. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted. Such special assessments are to be prorated among the Lots equally as provided with respect to annual assessments, except as provided in Section 6.9.4 of the Declaration.

7.03 Individual assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by the family, tenants, guests, or invitees of any Owner shall be specially assessed against such Owners and their respective Lots. The individual assessments provided for in this Section 7.03 shall be levied by the Board of Directors and the amount and due date of such assessment so levied by the Board shall be specified by the Board.

7.04 Liens. All sums assessed against any Lot pursuant to the Declaration, together with court costs, reasonable attorneys' fees, late charges, and interest as provided herein, shall be secured by an equitable charge and continuing lien on such Lot in favor of the Association.

7.05 Effect of nonpayment: remedies of the Association. Any assessments or portions thereof which are not paid when due shall be delinquent. Once any assessment or any portion thereof has become delinquent, the Association may file a notice of lien in the records of the Register's Office of Williamson County, Tennessee. Any assessment delinquent for a period of more than ten (10) days after the date when due shall incur a late charge in an amount as may be determined by the Board from time to time and shall also commence to accrue simple interest at the rate to be determined by the Board of Directors. A lien and equitable charge as herein provided for each assessment shall attach simultaneously as the same shall become due and payable, and if an assessment has not been paid within thirty (30) days, the entire unpaid balance of the assessment may be accelerated at the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such assessment shall include the late charge established by the Board

of Directors, interest on the principal amount due, all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law. In the event that the assessment remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided herein shall be in favor of the Association, and each Owner by his acceptance of a deed or other conveyance to a Lot vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such assessments as a debt and/or to foreclose the aforesaid lien in the manner provided in the Declaration. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the assessments provided for herein, including by way of illustration but not without limitation, non-use of the Common Areas or abandonment of his Lot, and an Owner shall remain personally liable for assessments, interest, and late charges which accrue prior to a sale, transfer, or other conveyance of his Lot.

7.06 Certificate. The Treasurer, any assistant Treasurer, or manager of the Association shall, within ten (10) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's Mortgagee, a certificate in writing signed by said Treasurer, Assistant Treasurer, or manager setting forth whether the assessments for which such Owner is responsible have been paid, and if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any assessments stated therein to have been paid.

7.07 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Lot as set forth in Section 6.2 of the Declaration and shall be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual assessments and any outstanding special assessments shall be adjusted for such Lot according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such Lot is first conveyed. Annual and special assessments for Lots in portions of the Additional Property hereafter submitted to the terms of this Declaration shall commence as provided in Section 6.2 of the Declaration, and annual and special assessments for each such Lot shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence. Except as provided in Section 6.9.4. of the Declaration, Declarant shall not be responsible for the payment of annual or special assessments on Lots which it or its affiliates own and which do not contain occupied residences, provided that Declarant covenants and agrees to pay annual and special assessments for each Lot owned by Declarant or an affiliate and containing residences (except as hereinafter provided). Furthermore, Declarant shall have the option to either pay annual assessments on the Lots owned by Declarant or fund any deficit which may exist between assessments and the annual budget of the Association, provided, however, that the budget, assessments, and deficit, if any, shall be annually

reviewed by Declarant and the Board of Directors, and during such period Declarant's obligation for funding deficits shall only be up to the amount of the Association's budget.

Article VIII - Arbitration

8.01 Arbitration. Any disputes or controversies among Owners arising under these Bylaws or under the Declaration shall be submitted to the Board of Directors for decision. The Board of Directors is required to issue its decision on such matters within thirty (30) days after the controversy or dispute is submitted by any Owner. The submission of any such dispute or controversy to the Board of Directors shall be an express condition precedent to the institution of any legal action or proceeding.

Article IX - Record

9.01 Records and Audits. The Board of Directors shall keep detailed records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the Lot Owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each Lot which shall indicate the name and address of the Lot Owner, the amount of each assessment for common expenses against such Lot, the date when due, the amounts paid thereof, and the balance remaining unpaid. In addition, an annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Lot Owners, and to all Mortgagees of Lots who have requested such annual report, promptly after the end of each fiscal year.

Article X - Miscellaneous

10.01 Notices. All notices to the Board of Directors or to the Association shall be sent registered or certified mail to such address as the Board of Directors may hereafter designate from time to time. All notices to any Lot Owner shall be sent registered or certified mail to such address as shall be designated by him in writing to the Board of Directors. All notice to Mortgagees of Lots shall be sent by registered or certified mail to their respective addresses, as designed by them from time to time in writing to the Board of Directors.

10.02 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity or enforceability, or affect the balance of these Bylaws.

10.03 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

10.04 Gender. All provisions herein include the male, female and neuter gender and include the singular and plural numbers as the case may be.

10.05 Waiver. No restriction, condition, obligation, or provisions contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce it, irrespective of the number of violations or breaches thereof which may occur.

Article XI - Amendments to Bylaws

11.01 Amendments to Bylaws. These Bylaws may be modified or amended by the vote of two-thirds (2/3) of the total authorized votes for all Lots at a meeting of Lot Owners called for such purpose. The notice of such a meeting must be mailed to all Lot Owners at least ten (10) days prior to the scheduled date for the meeting and the notice must set forth the proposed amendment. No such amendment shall be effective until recorded in the office of the Register of Deeds of Williamson County, Tennessee.

Article XII - Indemnification of Officers, Directors, Employees and Agents

12.01 General. The Association shall have the power to indemnify any person authorized by the Tennessee Nonprofit Corporation Act, as the same may be amended from time to time, in the manner prescribed therein, to the full extent allowed thereby.

12.02 Indemnification Not Exclusive. To the extent permitted by the Tennessee Nonprofit Corporation Act, as amended, the rights of indemnification provided in this Article IX shall be in addition to any rights to which any such director, officer, employee, or other person may otherwise be entitled by contract or as a matter of law.

12.03 Insurance. The Association shall have the power by action of the Board of Directors to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, or who, while a director, officer, employee, or agent of the Association, is or was serving at the request of the Association as a director, officer, employee or agent of another corporation because of the Association's interest in such other corporation, from and against any liability asserted against him or incurred by him in any such capacity or arising out of his status as a director, officer, employee, or agent, whether or not the Association would have the power to indemnify him against such liability.